DIIs overtake FPIs as dominant investors in March quarter

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Domestic institutional investors (DIIs), mostly mutual funds and insurance companies, overtook foreign portfolio investors (FPIs) in ownership of NSE-listed companies in the March quarter of 2025.

According to PRIME Database, DIIs held a 17.62 per cent stake, up from 16.89 per cent in the December 2024 quarter. FPI ownership stood at 17.22 per cent. It is the first time DIIs have outpaced FPIs since PRIME Database began tracking data in 2009.

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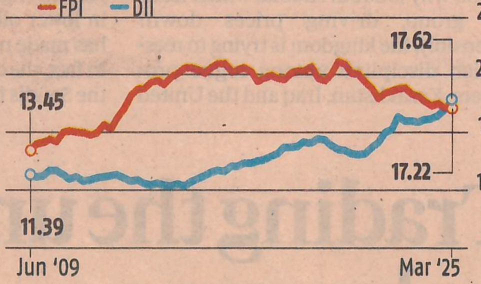
The value of DII holdings at one point was half that of FPIs

Share in total mcap (%)



Source: PRIME Database

The value of DII holdings reached ₹71.76 trillion, 2 per cent higher than FPIs. A decade ago, in March 2015, the ownership gap peaked at 1,032 basis points, with DII holdings valued at half of FPIs'. Since then, FPIs have steadily reduced their stakes in Indian equities.

"For years, FPIs have been the largest non-promoter shareholder category in the Indian market with their investment decisions having a huge bearing on the overall direction of the market. This is no longer the case. DIIs along with retail (individuals with up to ₹2 lakh shareholding in a company) and high-net-worth individuals (HNIs) (more than ₹2 lakh) investors have now been playing a strong countervailing role with their share reaching an all-time high of 27.10 per cent as on March 31, 2025. While FIIs continue to remain an important constituent, their stranglehold on the Indian capital market has come down," said Pranav Haldea, managing director of PRIME Database Group.

Domestic mutual funds also achieved a milestone in the March quarter, with their ownership in NSE-listed firms reaching 10.35 per cent — a double-digit figure for the first time.

"Historically, FPIs have significantly influenced market movements with their inflows and outflows. However, their dominance is waning. DIIs, including mutual funds, insurance companies, and retail investors through systematic investment plans (SIPs), are providing a stabilising force against global volatility," said Trivesh D, chief operating officer of Tradejini.

He noted that increasing local ownership is reducing market volatility. "As direct public and HNIs participate more, Indian investors are taking ownership of the market, making it less susceptible to FPI exits. Unlike FPIs, who can withdraw abruptly, DIIs tend to be more stable. This was evident in October 2024, when domestic investors absorbed over ₹1 trillion in FPI selling, preventing market turmoil."